



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 3, 2011

H.R. 2840 **Commercial Vessel Discharges Reform Act of 2011**

*As ordered reported by the House Committee on Transportation and Infrastructure
on October 13, 2011*

H.R. 2840 would set standards for ballast water discharged from ships into United States waters. Under current law, the United States Coast Guard (USCG) and the Environmental Protection Agency (EPA) already set such standards, and those agencies have proposed the same standards that would be set by the legislation. The bill also would require the USCG to complete additional inspections on certain ships; however, the agency would conduct that work during inspections for violations of other laws. Based on information from those agencies, CBO estimates that any additional requirements under the bill would not have a significant impact on the federal budget.

The Statutory-Pay-As-You-Go-Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting H.R. 2840 could result in the collection of additional civil penalties, which are recorded as revenues and deposited in the U.S. Treasury. However, CBO estimates that such collections would be minimal and the effect on revenues would be insignificant. Because those prosecuted and convicted under the bill could be subject to criminal fines, the federal government might collect additional fines if the legislation is enacted. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and later spent. CBO expects that any additional revenues and direct spending would not be significant because of the small number of cases likely affected.

H.R. 2840 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on owners and operators of vessels. The bill would impose additional private-sector mandates on manufacturers of vessels and manufacturers of ballast water treatment systems and would preempt state and local laws relating to vessel discharges. Because of uncertainty about the timing and scope of regulations forthcoming from USCG and EPA, CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual threshold established in UMRA for private-sector mandates (\$142 million in 2011, adjusted annually for inflation).

However, because of the relatively small number of public entities affected, CBO estimates that the aggregate cost of intergovernmental mandates in the bill would fall below the annual threshold in UMRA (\$71 million in 2011, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sarah Puro (for USCG) and Susanne Mehlman (for EPA). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.